

## Message Text

CONFIDENTIAL

PAGE 01 SANTIA 02088 222245Z

ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 IO-13 AID-05 CIAE-00 COME-00

FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-07 CEA-01 AGRE-00 /097 W

-----092246 231212Z /13

R 222156Z MAR 78

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 8608

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY BRASILIA

C O N F I D E N T I A L SANTIAGO 2088

E. O. 11652: GDS

TAGS: EAGR, ETRD, CI

SUBJECT: PROPOSED CCC CREDIT TO CHILEAN PRIVATE SECTOR

REF: (A) TOFAS 33 (B) STATE 014670 (C) 76 SANTIAGO 9108 (D) STATE  
70331

1. REF A CONTAINS RECOMMENDATION BY AGRICULTURAL ATTACHE THAT  
CCC PROVIDE CREDIT ASSISTANCE OF \$35 MILLION FOR 2 YEARS TO  
PRIVATE FLOUR-MILLING ASSOCIATION TO FINANCE IMPORTS OF U.S.  
WHEAT. I HAVE RESERVED JUDGMENT ON THIS RECOMMENDATION PENDING  
CLARIFICATION OF A POINT REGARDING USG CREDITS TO CHILE GENERALLY.

2. IN ASSESSING THIS PROPOSAL, THE OVERRIDING CONSIDERATION  
MUST BE CONSISTENCY WITH THE POLICY OF COOL DISDAIN WHICH WE,  
AS A GOVERNMENT, MANIFEST TOWARDS THE CHILEAN GOVERNMENT. WE  
DO NOT EXTEND CCC CREDITS TO THE CHILEAN PUBLIC SECTOR. MOREOVER,  
EXIM BANK CREDITS TO CHILE FOR INDUSTRIAL AND SERVICES EXPORTS,  
WHETHER SOUGHT BY THE PUBLIC OR BY THE PRIVATE SECTOR, REMAIN  
NORMALLY LIMITED TO \$750,000.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTIA 02088 222245Z

3. IN THIS CONNECTION, THE DEPARTMENT MAY RECALL THAT IN SEPTEMBER,  
1976, THE EMBASSY RECOMMENDED (REF C) THAT THIS LIMIT BE EASED  
TO PERMIT EXIM FANANCING OF A \$40 MILLION SERVICE CONTRACT  
BY THE SANTA FE DRILLING COMPANY TO ENAP, THE CHILEAN STATE OIL  
ENTITY. PROPOSED CREDIT WAS TURNED DOWN, HOWEVER, BY EXIM IN  
KEEPING WITH ITS \$750,000 LIMITATION.

4. LIKE THE 1976 EXIM PROPOSAL, THIS RECENTLY PROPOSED CCC CREDIT IS DESIGNED TO ASSIST AMERICAN EXPORTERS IN COMPETING MORE A EFFECTIVELY WITH ARGENTINE AND OTHER THRID COUNTRY EXPORTERS. IN THIS CASE, A CONTINUED REVOLVING CCC LINE OF CREDIT FOR THIS AND SUBSEQUENT YEARS MIGHT BE DECISIVE IN RECAPTURING THE CHILEAN WHEAT MARKET FOR THE UNITED STATES. NO COMPETITOR CAN MATCH ITS TERMS, WHICH, AS OUR TOFAS TELEGRAM MENTIONS, ALSO HELPS TO FINANCE NEW INVESTMENT IN PLANT AND EQUIPMENT.

5. SUCH EXPORT PROMOTIONAL CONSIDERATIONS IN 1976, HOWEVER, WERE SUBORDINATED TO THE HUMAN RIGHTS IMPERATIVES OF OUR CHILE POLICY. I DO NOT SEE ALL THAT MUCH DIFFERENCE BETWEEN A \$40 MILLION CREDIT FOR DRILLING SERVICES AND A \$35 MILLION DOLLAR CREDIT FOR WHEAT. THE SAME RULES SHOULD APPLY TO BOTH.

6. TWO OTHER CONSIDERATIONS ARISE, HOWEVER, INT THE PROPOSED CCC CREDIT. IN THE EXIM CASE, THE PURCHASER WAS THE CHILEAN STATE. WITH REGARD TO THE CCC APPLICATIO, IT WILL BE AN ASSOCIATION OF PRIVATE CHILEAN BUSINESSMEN NOT CONNECTED TO THE GOVERNMENT. RECENTLY, TOO, AS SET FORTH IN REFS B AND D, INTER ALIA, THE PROMOTION OF EXPORTS IS BEING GIVEN RENEWED EMPHASIS.

7. MY INSTINCT IS TO RECOMMEND AGAINST THIS CREDIT. BEFORE DOING SO, HOWEVER, I WOULD APPRECIATE BEING ADVISED WHETHER THE TWO ABOVE CONSIDERATIONS IN ANY WAY MODIFY ESTABLISHED GUIDELINES  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03     SANTIA 02088 222245Z

REGARDING CREDITS TO CHILE.  
LANDAU

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, WHEAT, CREDIT AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SANTIA02088  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780128-0198  
**Format:** TEL  
**From:** SANTIAGO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780334/aaaabdaf.tel  
**Line Count:** 96  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** c6451fbf-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 14670, 76 SANTIAGO 9108, 78 STATE 78  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 07 jul 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3231801  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED CCC CREDIT TO CHILEAN PRIVATE SECTOR  
**TAGS:** EAGR, ETRD, CI, US, CCC-1  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/c6451fbf-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014